

ORIGINAL

COMMISSIONERS  
KRISTIN K. MAYES – Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

OPEN MEETING ITEM



ARIZONA CORPORATION COMMISSION



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Executive Director  
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AZ CORP COMMISSION  
DOCKET CONTROL

DATE: JUNE 4, 2010  
DOCKET NO.: E-01773A-09-0472

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane L. Rodda. The recommendation has been filed in the form of an Order on:

ARIZONA ELECTRIC POWER COOPERATIVE, INC.  
(FUEL AND PURCHASED POWER COST ADJUSTOR)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JUNE 14, 2010

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

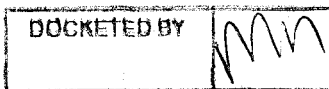
JUNE 29, 2010 AND JUNE 30, 2010

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

JUN - 4 2010



ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 KRISTIN K. MAYES - Chairman  
4 GARY PIERCE  
5 PAUL NEWMAN  
6 SANDRA D. KENNEDY  
7 BOB STUMP

8 IN THE MATTER OF THE APPLICATION OF  
9 THE ARIZONA ELECTRIC POWER  
10 COOPERATIVE, INC. FOR A HEARING TO  
11 DETERMINE THE FAIR VALUE OF ITS  
12 PROPERTY FOR RATEMAKING PURPOSES, TO  
13 FIX A JUST AND REASONABLE RETURN  
14 THEREON AND TO APPROVE RATES  
15 DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01773A-09-0472

DECISION NO. \_\_\_\_\_

**ORDER**

11 Open Meeting  
12 June 29 and 30, 2010  
13 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 \* \* \* \* \*

16 Having considered the entire record herein and being fully advised in the premises, the  
17 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

18 **FINDINGS OF FACT**

19 1. In Decision No. 68071 (August 17, 2005), as part of Arizona Electric Power  
20 Cooperative, Inc.'s ("AEPCO" or "Cooperative") last rate case, the Commission authorized a Fuel  
21 and Purchased Power Cost Adjustor ("FPPCA").

22 2. On August 31, 2005, pursuant to Decision No. 68071, AEPCO filed an amended tariff  
23 which incorporated the Commission-approved FPPCA and which became effective on September 1,  
24 2005.

25 3. Under the terms of Decision No. 68071, AEPCO's FPPCA will expire on August 31,  
26 2010 "unless extended by the Commission."<sup>1</sup>

27 4. On October 1, 2009, AEPCO filed with the Commission an application for a rate

28 <sup>1</sup> Decision No. 68071 at ¶36.

1 increase.

2 5. Intervention has been granted in this matter to Mohave Electric Cooperative, Inc.  
3 ("MEC"), Trico Electric Cooperative, Inc. ("Trico"), and to Sulphur Springs Valley Electric  
4 Cooperative, Inc. ("SSVEC").

5 6. By Procedural Order dated November 23, 2009, the hearing on AEPCO's current rate  
6 application was originally set to commence on August 17, 2010.

7 7. On March 29, 2010, AEPCO filed a request for Procedural Conference to discuss  
8 revisions to AEPCO's rate filing and a revised procedural schedule, and also a Motion to Continue Its  
9 Fuel and Purchased Power Cost Adjustor until Commission Rate Decision.

10 8. A Procedural Conference convened on April 14, 2010, to discuss the proposed  
11 modification to the hearing schedule and AEPCO's request to continue its FPPCA. AEPCO, MEC,  
12 Trico, SSVEC and the Commission's Utilities Division ("Staff") were represented by counsel at the  
13 April 14, 2010, Procedural Conference. AEPCO reported that it and the intervenors had reached  
14 agreement on many of the issues in the rate case, and that AEPCO would be filing revisions to its  
15 application. All parties, including Staff, agreed to the newly proposed hearing schedule and that  
16 AEPCO's FPPCA should be continued pending a Decision in the rate case.

17 9. On April 20, 2010, AEPCO filed an Amended Application.

18 10. By Procedural Order dated May 3, 2010, a new hearing schedule was established and  
19 the hearing set to commence on October 25, 2010.

20 11. AEPCO states that the primary purpose of the FPPCA is to address purchased power  
21 and fuel cost volatility between full rate proceedings, and that in approving the current adjustor, the  
22 Commission acknowledged the twin benefits of allowing timely recovery of increases in costs, as  
23 well as the timely refund of any decreases.<sup>2</sup>

24 12. In the currently pending rate case, AEPCO has requested that its FPPCA be continued,  
25 with some modification to address cost allocation issues between AEPCO's all-requirements and  
26 partial-requirements members.

27  
28 <sup>2</sup> Decision No. 68071 at ¶36.

13. AEPCO requests that the Commission extend the Cooperative's existing FPPCA pending a Decision on the proposed modifications and other issues in the pending rate case.

14. Continuing the FPPCA until the Commission has an opportunity to consider the matter in the pending rate case is in the public interest. The FPPCA appears to be working as intended and having the FPPCA expire on August 31, 2010, before the Commission can examine the issues during the rate proceeding would be disruptive and detrimental to the collection and return of actual fuel costs. No party in this docket opposes the continuation of the FPPCA, nor will any party be prejudiced by the extension.

## **CONCLUSIONS OF LAW**

1. AEPCO is a public service corporation pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

2. The Commission has jurisdiction over AEPCO and the subject matter of the request.

3. Notice of the proceeding was provided in conformance with law.

4. It is in the public interest to continue AEPCO's FPPCA pending the Commission final Decision in the pending rate case.

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**ORDER**

IT IS THEREFORE ORDERED that Arizona Electric Cooperative, Inc.'s Fuel and Purchased Power Adjustment Clause approved in Decision No. 68071 shall continue in full force and effect until further Commission Order.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

1 SERVICE LIST FOR:

E-01773A-09-0472

2 DOCKET NO.:

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